



Buy Something Shiny Before 2022 Starts

Description

With just over a week left in 2021, it's the perfect time to rebalance your portfolio before 2022 starts. And among the different investment options to consider, opting to buy something shiny arguably deserves a place in your portfolio.

In case you're wondering, I'm not referring to a fine piece of jewelry but rather a precious metal investment. The investment to consider is **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)).

Buy something shiny

Precious metal stocks are great investment options to consider, particularly when there is growing volatility on the market. A new COVID variant, inflation, and an overheated real estate market are adding to the usual stressors of the holiday season this year. Additionally, the loonie hit a four-month low point recently.

This is where an investment like Wheaton can really be beneficial to your portfolio for a variety of reasons.

First, let's start with the fact that Wheaton isn't a precious metal miner at all. Wheaton is a precious metals *streamer*, which contains a subtle yet important difference over its more traditional precious metal mining peers.

That difference is that streamers don't actually own any mines. Instead, they provide upfront financing to those traditional miners to set up mines and begin operations. In exchange for that initial capital injection, streamers are permitted to purchase some of the metals produced by the mine at a significant discount.

That discount can be as much as US\$450 per ounce of gold, and US\$4 per ounce of silver. To showcase that discount, note that the current market price of US\$1,800 per ounce of gold and US\$22 per ounce of silver.

Streamers can then hold on to that gold or sell it off at the current market rate, earning a handsome profit.

That unique business model means that the overall risk of a streamer compared to traditional miners is much lower. This adds a defensive element to consider which isn't present with precious metal miners. Furthermore, because the streamer isn't involved in the day-to-day operations of the mine, the streamer can then seek out [growth opportunities](#) from other potential mines. This adds an element of diversification into the mix as well.

That something to buy should be Wheaton

The advantages of a streaming stock are many. In the case of Wheaton, the company's portfolio consists of 24 active mines on three continents. Wheaton also has a further eight mines that are in the development pipeline. This adds an additional element of long-term growth potential.

In fact, Wheaton announced a new stream just this week for the Ontario-based Marathon project.

Keep in mind that those mines produce a variety of different metals — not just gold and silver, all of which help the company during earnings season. Again, buying something shiny does hold appeal!

Speaking of buying something shiny, Wheaton reported results for the third fiscal quarter last month. In that quarter, Wheaton reported US\$269 million in revenue. In terms of earnings, Wheaton posted adjusted net earnings of US\$137 million in the quarter.

The company ended the quarter reporting a strong US\$200 million cash flow and a whopping US\$372 million cash on hand.

Another key point to consider with Wheaton is the company's dividend. Wheaton offers investors a quarterly dividend, which is based on 30% of the average cash generated through operations during the prior four quarters.

In the most recent quarterly update, that dividend amounted to US\$0.15 per share, reflecting a 25% increase over the same period last year. At the current stock price, that yield works out to a [respectable yield](#) of 1.45%.

Final thoughts: Should you buy?

No investment can truly be without risk. That certainly holds true for Wheaton. That being said, gold and silver prices look to start 2022 lower than where they started in 2021. While this may drop Wheaton's appeal somewhat in the shorter term, the company remains a solid long-term pick. In my opinion, a small position in Wheaton as part of a larger well-diversified portfolio is warranted. Go on; buy something shiny this holiday season!

CATEGORY

1. Investing
2. Metals and Mining Stocks

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2. TSX:WPM (Wheaton Precious Metals Corp.)

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Author

dafxentiou

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